

## **City of Brunswick Frequently Asked Questions – Enterprise Fund**

An Enterprise Fund is created when a public service generates sufficient revenues to pay for its cost. It is a simple concept, and one gaining in popularity in local governments throughout the nation. The attraction is the public's dislike to increase taxes to pay for Enterprise services, such as water and sewer operations in Brunswick's case.

### **What is an Enterprise Fund?**

A fund that establishes a self-supporting accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services.

### **What are the advantages of an Enterprise Fund?**

Allows water and sewer users to pay for such services since they are the only citizens benefitting from this service.

### **How are the water and sewer rates determined?**

All operational and capital costs for providing water and sewer services are determined each budget year and rates are calculated to fund these costs.

### **Are the rates publicly discussed allowing citizens to comment?**

Yes, the budget process starts in March and is passed by the City Council. The rates are considered at the Finance Commission and Mayor and Council meetings all being publicly conducted either in person or by teleconference.

### **Why doesn't the City use other funding sources to pay for costs, i.e. General Fund revenue?**

The City provides water to residents living outside City limits who do not contribute to City General Fund revenues, i.e. property taxes, income taxes, etc.

### **Why doesn't the City look for external funding sources for these operational costs?**

The City frequently reviews external funding sources, including requesting funding each year in the State's budget. Over the past several years, we have been successful in obtaining state bonds and other funding to assist with many capital projects, however, most state and federal grants, or 0% interest loans, have been denied as this funding can't be used to subsidize operational costs due to insufficient water and sewer rates. Most funding is also provided for failing or poor systems.

### **Why doesn't the City offer more discounts for leaks and/or users who may have financial problems?**

Since the enterprise fund is self-supporting, any discounts provided would still be absorbed and paid for by the collective customer base.

### **Why is it better to increase rates every year?**

It is usually more acceptable to raise user fees some each year rather than having a larger user fee increase every few years. Additionally, it provides reserves funds for unexpected major repairs.